

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM

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Trenton, NJ 08625

ADVISORY BULLETIN 96-IHC-02B

Date: June 11, 1996

To: IHC Member Carriers That Offer the Standard Health Benefits Plans and All Interested Parties

From: Ellen F. DeRosa, Assistant Director

Re: **Persons Eligible for Medicaid May Be Eligible for Coverage under an Individual Health Benefits Plan Pre-Existing Conditions Limitation Credit**

I. Eligibility for Coverage under an Individual Health Benefits Plan

The New Jersey Individual Health Insurance Reform Act, N.J.S.A. 17B:27A-2 et seq. and the corresponding regulations located at N.J.A.C. 11:20, as enacted, formerly defined an "eligible person" as a person who is a resident of the state who is not eligible to be insured under a group health insurance policy, Medicare, or Medicaid.

Several months ago, P.L. 1995, c.291 amended that statutory definition to state that an **"eligible person" means a person who is a resident of the State who is not eligible to be insured under a group health insurance policy or Medicare.** The amended definition removed the eligibility restriction concerning a Medicaid eligible person. Thus a person who is eligible for Medicaid is eligible to purchase an individual health benefits plan provided he or she is a resident of New Jersey and is not eligible to be insured under a group health insurance policy or Medicare. The modification to the definition was retroactively **effective April 1, 1995.**

II. Pre-Existing Conditions Limitation Credit

P.L. 1995, c.291 also amended the pre-existing conditions limitation to include Medicaid as prior coverage which would entitle an individual to a waiver or credit for a pre-existing conditions period. There may be an intervening lapse in coverage of no more than 30 days, measured from the date the prior individual or group health benefits plan or Medicaid terminates and the date the new individual health benefits coverage takes effect. This section of the law became effective on the date the law was approved, **December 22, 1995.**

III. Standard Health Benefit Plans

The standard health benefit plans adopted by the Individual Health Coverage (IHC) Program Board contain provisions which were consistent with the law prior to the approval of P.L. 1995, c.291. The IHC Program Board has proposed revisions to the text of the standard individual health benefit plans which will be published in the New Jersey Register on May 20, 1996, and will be the subject of a Public Hearing on June 11, 1996. Among other changes included in the proposal, the proposal addresses text changes necessitated by P.L. 1995, c.291, as well as amending the definition of an “eligible person” to conform to the statute.

Carriers are advised that they must administer the standard individual health benefit plans in accordance with the requirements of P.L. 1995, c.291, as described above. The following sections of the policy form contain language that is affected by P.L. 1995, c.291:

- Who is Eligible
- Pre-Existing Condition Limitations
- Termination of the Policy -Renewal Privilege

If you have any questions, please contact me at the phone or fax numbers shown above.